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June 14, 2002

PARTIES OF RECORD
Case No. 2001-00399

Re: Informal Conference of June 13, 2002
Case No. 2001-00399

Ladies and Gentlemen:

Enclosed please find a memorandum that has been filed in the record of the above-referenced case. Any comments regarding the contents of the memorandum should be submitted to the Commission within seven days of receipt of this letter. Any questions regarding this memorandum should be directed to Jeff Johnson of the Commission Staff at 502-564-3940.

Sincerely,

Thomas M. Dorman
Executive Director

Enclosure

INTRA-AGENCY MEMORANDUM
KENTUCKY PUBLIC SERVICE COMMISSION

TO: File
Case No. 2001-00399

FROM: Amy E. Dougherty
Staff Attorney

DATE: June 14, 2002

RE: ALLTEL Corporation to Acquire the Kentucky Assets
Of Verizon South, Incorporated

On June 13, 2002, those persons whose names appear on the attached sign-in sheets met to discuss several issues regarding ALLTEL.

The first issue we discussed was DSL. ALLTEL represented that there are only two subgroups affected by the transition. The dial-up ISP customers (non-DSL) of Verizon On-Line are staying with Verizon. Regarding DSL retail customers, ALLTEL is acquiring VADDI's (Verizon's affiliate) retail DSL customers. These customers simply become ALLTEL DSL customers after the acquisition. Verizon On-Line DSL Internet service is ceasing to exist after the acquisition. This affects 7500 small business and residential customers.

Chapel Communications indicated that it cannot transfer Verizon retail customers to the wholesale environment at this time. Mikrotec Internet Services also told of a five day delay to connect customers and then a possible additional five days to be reconnected when they transfer to a new ISP provider. Both of these are circumstances that have not been in existence in the past. Verizon was asked to file a written response to these policies to be placed in this case file as soon as possible.

ALLTEL indicated that much information that these ISP providers would need is available on its website at ALLTEL.com.

PC Networks, Inc. told of plans to expand service to Taylor, Adair, and Green counties and possibly also to Marion County. The PC Networks indicated that 98% of the central office in Campbellsville was at capacity, thereby eliminating the possibility of making dry copper available. Iglou ISP requested of ALLTEL a tariffed service which is available through ALLTEL in Shelbyville. The service is dry copper. ALLTEL indicated that this dry copper tariff may not be available in the Verizon areas, but that it would look into the matter. ALLTEL further indicated that there are 14 new areas where DSL is to be provided in the Verizon territories.

In an effort to resolve some of these DSL issues, ALLTEL was requested to provide its customer representative script for the occasion where a customer contacts ALLTEL and requests a DSL service. The question arose regarding whether ALLTEL indicated to the customer that ISP service was also available from other providers.

ALLTEL presented information regarding the transition process in general. This process primarily involves Verizon data being transferred to ALLTEL systems. Chip Harwood of ALLTEL described the system conversion process. He indicated that the analysis phase was completed on schedule December 21. Through that process, 14 gaps were identified. Each one has a development schedule for correction and all will be completed prior to transfer date on July 31. Designs for the conversion codes were completed in January and conversion code programs were completed March 22. Beginning June 10 and continuing for the next five weeks, ALLTEL is undertaking a client acceptance testing (BETA testing) of the systems. Beginning July 15 mock conversions containing full extracts of files will be run. Iterations of partial files have been improving each week. These systems address ordering, provisioning, billing, maintenance and repair and repair records.

Regarding customer service, ALLTEL has hired 79% of the 460 additional people it needs. Twenty testers, 17 technicians and additions to the management team have already been hired. Twelve new assignment persons will be hired soon. The facility expansions in Charlotte, N.C. are on schedule. The service activation center in Elizabethtown is on schedule. The upgrades to Verizon facilities in Lexington are on schedule. Data service testers have all been hired.

ALLTEL is to submit into the record in this proceeding copies of its transition progress reports.

Regarding human resources, all transition activities are on schedule for recruiting and training of new personnel. Group meetings for employees who will be transferred to ALLTEL are occurring July 8.

The engineering network switch peripherals for switching and tandem trunking and E911 are being undertaken.

The training plan for existing Verizon employees and new hires has already begun. The representative from CWA asked about on-line support for equipment technicians. ALLTEL indicated that a control room in Lexington and in Ohio would be used. Also, there will be equipment vendors' TAC group in Little Rock, Arkansas will be used. Systems for monitoring alarms, etc. and for central office dispatch have been put in place.

Next, we turned to discussion of OSS implementation. This was given by ALLTEL representative Alfred Busbee. 85% of CLEC orders are done on an electronic basis through ALLTEL Express. ALLTEL offers ALLTEL Express training for CLECs. This training comprises a two hour session on computers using conference call. ALLTEL has already completed this training for CLECs which serve approximately 73% of the competitive access lines. According to ALLTEL, there are 32 active CLECs in Kentucky. ALLTEL will begin this training for Kentucky CLECs on July 2.

Of the 32 CLECs, ALLTEL has concluded negotiations and has executed new interconnection agreements. Eleven of the 32 CLECs would like to change the interconnection agreements and those issues are being addressed on an issue by issue basis. At this point, ALLTEL does not anticipate that any of these issues will require arbitration. Five of the 32 CLECs want to use the existing Verizon agreements, coupled with changes adopted to the contract by the PSC in Case No. 2001-399. These five CLECs are not planning to execute a new agreement. Brandenburg Telephone Company and South Central Rural (the CLECs) are both in this category.

Extended area service (EAS) issues were discussed and it was agreed that they would be addressed off line.

There is a CLEC meeting scheduled via conference call for June 27. Commission staff (Jeff Johnson) is to be notified and to participate. PSC staff (Jeff Johnson) is also to participate in the CLEC training.

Brandenburg Telecom and South Central Telecom then raised certain issues. Brandenburg indicated that it has found the Verizon OSS systems to be very efficient. Both CLECs are concerned with the transition. They indicated that they were not invited to the March conference call for ALLTEL's CLECs and that they found the May 14th OSS report filed in this proceeding to be conclusory in nature. The 11 issues that follow were raised by the CLECs.

1. They requested IDs be issued for ALLTEL Express in the next week so they could begin understanding the ALLTEL OSS systems. ALLTEL responded that it would try to move up the training dates for these CLECs but that IDs could not be issued until the training had occurred. Also these CLECs would not be able to place actual orders until after the July 31 transition.

2. The CLECs requested the names and telephone numbers of facilities-based CLECs in other jurisdictions who had begun using the ALLTEL OSS system.

3. The CLECs requested contact names and numbers at ALLTEL for use when number porting problems arose. The CLECs asked that these contacts be 24 hours, seven days a week.

4. The CLECs asked that contacts for escalating these issues could be given and that these contacts would be in Glasgow and Elizabethtown, respectively.

5. CLECs requested a two business days' notice on porting problems.

6. CLECs asked whether ALLTEL Express contained order templates to enable CLECs to not have to re-enter each field every time they placed an order.

7. The CLECS asked whether test orders were runnable so that they could understand the system.

8. The CLECs asked for some sort of validation of the system's operation.

9. The CLECs asked for specific periods of time in which ported orders would be addressed. ALLTEL responded that it would be five days.

10. The CLECs again brought up the EAS issue and asked for ongoing discussions.

11. The CLECs requested directories from ALLTEL. ALLTEL responded that Verizon would produce the directories whose orders have already been placed. For the first year the directories would have Verizon and ALLTEL names on them then ALLTEL will take over the directories production. ALLTEL indicated that the directories provided for in its contracts with the CLECs would be provided to them and that additional copies of the directories would be made available for purchase.

Finally, we addressed the recently filed formal complaint and request for emergency relief. South Central Telcom and South Central Rural Co-op have filed this formal motion regarding OS/DA issues with the transition. The complaint is against Verizon. Verizon had indicated that OS/DA would not be available after June 22 unless these companies agreed to its alternate trunking arrangements. Verizon responded that the letter indicating the June 22 deadline was perhaps inartfully drawn and that that deadline would not be in effect. These companies would be allowed until July 31 to make alternate arrangements. Verizon's counsel is to notify the Commission in response to this formal complaint as soon as possible about this June 22 deadline.

Commission staff request that the information to be submitted in response to this informal conference should be submitted within 10 days of receipt of this memorandum.

Attachment